SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS Resolving Regional Challenges

ANNUAL REPORT 2007-2008



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LEADERSHIP VISION PROGRESS

Leadership, vision and progress which promote economic growth, personal well-being, and livable communities for all Southern Californians.

The Association will accomplish this Mission by:

- Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- Providing quality information services and analysis for the region.
- Using an inclusive decision-making process that resolves conflicts and encourages trust.
- Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

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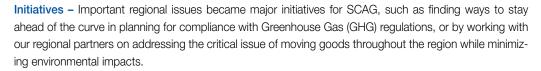
SCAG has successfully managed its way through a multitude of policy and planning challenges facing our region.

MESSAGE FROM THE EXECUTIVE DIRECTOR

As the nation's largest MPO, SCAG continues to find new ways to innovate and remain on the forefront of important planning issues. This year SCAG focused on four major areas: services, plans, initiatives and events, each of which is covered in depth in this report.

Services – SCAG continues to provide new and expanded services to our members, whether by traveling to Sacramento or Washington on behalf of our members or by providing innovative planning tools for member cities. One exciting new service is the "city profiles" provided to each of our member cities.

Regional Plans – SCAG prepares regional plans that serve as a blueprint for the region, including the 2008 Regional Transportation Plan, which is the primary vehicle through which federal funds flow to the region or the Regional Comprehensive Plan, a visionary document that serves as a toolkit for member cities to implement sustainability planning in their own jurisdictions.



Events – In addition to annual events such as the Regional Housing Summit, SCAG held its first Regional Transit Summit that brought together transit leaders from the public and private sector and its inaugural earthquake conference that highlighted the importance of regional preparedness.

Many of these undertakings were the culmination of multi-year efforts that resulted in major accomplishments for SCAG. For instance, this year's RTP was the most progressive yet and for the first time includes a discussion of GHG and environmental mitigation. The RTP also contains a set of "advisory" land use policies that expand on and solidify the Compass Blueprint policies developed as part of the 2004 RTP. In addition, the accompanying environmental document looks comprehensively at the impacts associated with the RTP and also includes a region wide analysis of GHG emissions and more than 50 mitigation measures specifically aimed at reducing GHGs. SCAG's Regional Comprehensive Plan showed cities and counties many ways they could make small changes and achieve a more sustainable future. Finally, where the rubber hits the road is SCAG's Compass Blueprint program, which allows SCAG to work one-on-one with cities to implement the broad level policy goals developed by SCAG's Regional Council.

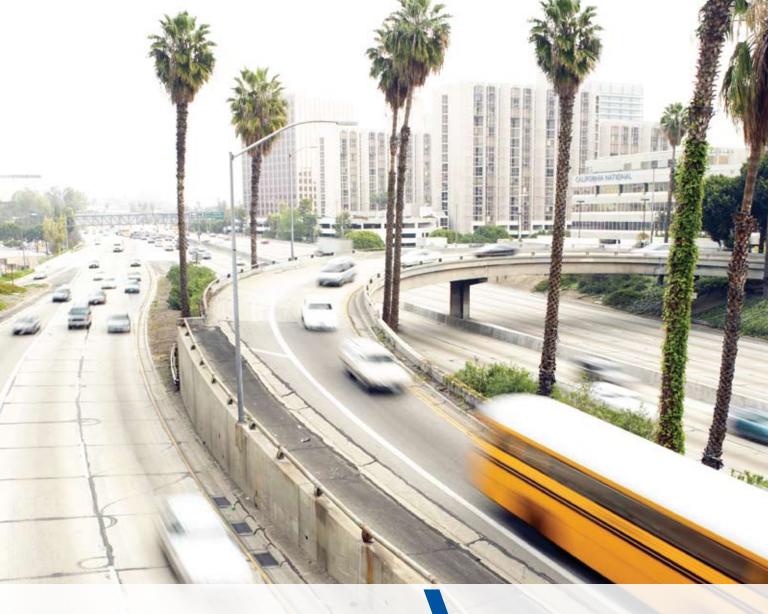
Lastly, I want to mention the important partnerships that we have developed and further cultivated this year. While we accomplished much by providing services to our members, working with our regional partners is at the heart of what we do. SCAG works closely with other agencies, cities, counties, our state and federal partners, air districts and county transportation commissions to study and find solutions to the many issues facing the region. It is in this capacity, when regional players work together, that we can all reap the benefits.

I am very pleased to present to you highlights of SCAG's major accomplishments during the past year.



Hasan Ikhrata

Executive Director



SCAG coordinates its efforts with a number of partners at the local, state and federal levels.

New Members Join The Nation's Largest MPO

SCAG is the Metropolitan Planning Organization (MPO) for the six-county Southern California region, the nation's largest metropolitan area in terms of both size and population. Through SCAG, local governments come together to develop solutions to common problems in transportation, housing, air quality, waste management and other issues. SCAG also acts as a clearinghouse, providing cities and counties with the latest demographic, forecasting, mapping data and tools.

Decision-making occurs through SCAG's Regional Council, a governing body comprised of elected officials representing the six counties and 188 cities in the SCAG region. The Board also includes elected representatives from each of the county transportation commissions, the recognized tribal governments and the air districts. SCAG's policy-making process is guided by the work of three Policy Committees (Transportation and Communications; Community Economic and Human Development; and Energy and Environment), and its operations are managed by the Administration Committee.

The agency also closely coordinates its efforts with a number of partners at the local, state and federal levels. In addition to its federal and state funding partners (Federal Highway Administration, Federal Transit Administration, Federal Aviation Administration, California Business, Transportation and Housing Agency, etc.), SCAG's planning efforts are also closely coordinated with fourteen subregions and five county transportation commissions.

During the last year, considerable strides were made to expand SCAG's membership. As a result, SCAG's ranks increased with the addition of several new local government members, including the San Bernardino Associated Governments as well as the cities of Chino Hills, Dana Point, Mission Viejo and San Jacinto.

SERVICES

Legislative Efforts Yield Big Results for the Region

SCAG has increasingly served as a unifying voice for Southern California, advocating for regional priorities in Sacramento and Washington, D.C. Each year SCAG's Regional Council adopts a state and federal legislative program that contains the Regional Council's positions on policies and legislative initiatives. The primary focus for 2008 was on air quality and the movement of goods in the SCAG region. SCAG worked in coordination with the county transportation commissions, Metrolink, local transportation agencies, and tribal governments on many of these issues.

In addition to those goals, SCAG was involved in several other legislative efforts in that past year. In early 2008, SCAG elected officials and executive staff met with Federal Highway Administration (FHWA) Interim Administrator Jim Ray to address a new interpretation by FHWA on funding requirements for projects that receive funding under the Congestion Mitigation and Air Quality Improvement Program (CMAQ). The issue arose from a provision of the Energy Independence and Security Act, passed in December 2007, which led to a new interpretation of existing CMAQ funding requirements. This new interpretation could have jeopardized CMAQ funding for many regional projects not meeting the new threshold. Subsequent to SCAG's meeting with Administrator Ray, FHWA and USDOT legal counsel re-examined the provisions to determine whether the existing regulation was still applicable to CMAQ-funded projects, and in March of 2008, issued a determination that it is. As a result, SCAG helped to preserved funding eligibility for CMAQ projects in the region.

In late 2008, SCAG joined with Congressman Xavier Becerra on a tax credit legislative proposal to establish a freight infrastructure investment tax credit to encourage private investment in freight infrastructure projects (e.g., water, rail and



The focus of Compass Blueprint is providing locallytailored planning services to local governments and stakeholders. truck transportation infrastructure projects) throughout the United States. Under the proposal, the freight infrastructure investment tax credits are granted on a six-year cycle; MPOs would identify corporations and partnerships whose proposed or ongoing freight infrastructure projects are likely to have the most beneficial effect in relieving congestion at major transportation hubs within their regions. The Congressional Joint Tax Committee will evaluate the costs and benefits of the proposal for joint public and private finance of goods movement projects. SCAG will continue to move this concept forward as part of the next transportation reauthorization bill, if the cost/ benefits analyses continue to demonstrate it as effective.

Compass Blueprint Integrates Land Use and Transportation Planning Regionally and Locally

As the region continues to grow, SCAG's Compass Blueprint is the leading forum for discussing the innovative planning strategies needed to integrate land use decisions and transportation investments.

The primary focus of the Compass Blueprint remains on providing tailored planning services and cutting-edge tools to local governments and stakeholders, free-of-charge, through its Demonstration Projects Program. Cities, counties and others are encouraged to submit proposals to conduct Demonstration Projects in their communities that seek creative, forward-thinking and sustainable development strategies that fulfill local needs and support shared regional goals. SCAG has partnered with more than 50 jurisdictions on planning efforts that address local priorities and advance the region's vision for mobility, livability, prosperity and sustainability.

In November 2007, SCAG kicked off its Toolbox Tuesdays training series. These free monthly training classes offer planners from member jurisdictions and partner agencies the opportunity to build local-level expertise using the sophisticated software tools which are at the heart of the Compass Blueprint Suite of Services.

SCAG is looking forward to further expanding the range of Compass Blueprint services over the coming year. SCAG recently received a California Blueprint program grant of more than \$1 million to continue the Demonstration Projects program, enhance the suite of planning services, explore regional and local strategies for dealing with greenhouse gas emissions, gentrification and environmental justice, and to support engagement of local elected officials and key segments of our growing population.

SCAG Provides World Class Data Services

SCAG continues to excel in the areas of data and Geographic Information Systems (GIS). During the 2007-2008 fiscal year, SCAG's data and GIS section served as a central point in the region for the acquisition, development and dissemination of socioeconomic and land use data. In the past year, SCAG completed a comprehensive inventory of the data and information that has been compiled, developed or acquired to support SCAG's planning activities. The inventory focused primarily on transportation, land use, aerial imagery, and parcel level data. These data and information were necessary to complete the Regional Transportation Plan, RTP Programmatic Environmental Impact Report, The State of the Region and Regional Comprehensive Plan.

SCAG also provides quality data and GIS products and services to its member agencies, regional partner and other stakeholders and continued this trend over the last year. Through SCAG, local jurisdictions were given the opportunity to acquire training on the use of the latest GIS software. SCAG also provided various mapping and analytical services to its members and began to lay the groundwork for the development of local jurisdictional profiles. These profiles will provide elected officials and other interested parties with a comprehensive set of demographic and economic information about their city.



The 2008 RTP provides Southern California with a transportation vision through the year 2035.







REGIONAL PLANS

Regional Transportation Plan: Making the Connections

In 2008, SCAG completed its multi-year long-range planning effort, the *Regional Transportation Plan* (RTP). The 2008 RTP provides Southern California with a transportation vision through the year 2035 and provides a long-term investment framework for addressing the region's transportation and related challenges.

The 2008 RTP emphasizes the importance of system management, goods movement and innovative transportation financing. It looks to strategies that preserve and enhance the existing transportation system and integrate land use into transportation planning. The RTP also dedicates more than half of the region's available funds to new projects to expand the transportation system. New projects include both highway and transit corridors, as well as goods movement strategies to accommodate the substantial growth expected at the region's ports over the next 25 years. Some of the strategies explored in the RTP include rail capacity expansion, grade separations, as well as innovate strategies for goods movement such as locomotive engine upgrades, a high-speed regional transport system for goods movement and dedicated lanes for clean technology trucks.

SCAG recognizes that existing federal and state funding sources are inadequate to address many of the region's critical transportation needs, and as a result, the 2008 RTP includes a number of new revenue sources and innovative financing strategies for transportation projects. These include value capture strategies, user fees, and public-private partnerships for major capital projects such as the high-speed regional transport system for both passenger and freight and new tolled freeways.

SCAG undertook an extensive public process to develop the 2008 RTP. During the fall of 2007, the Transportation and Communications Committee (TCC), the policy committee that oversees development of the RTP, hosted seven workshops to help shape the Draft Plan. The December 2007 release of the Draft RTP was followed by a lengthy public comment period during which SCAG received more than 150 letters commenting on a wide range of topics in the RTP. Each of the comments was evaluated and collectively helped to determine the content of the Final RTP.

SCAG and its regional partners have committed to the development and maintenance of a mobile and accessible transportation network in the SCAG region, and will continue to work together to further the strategies laid out in the 2008 RTP so that current and future generations of Southern Californians can have faster and easier ways to "make the connections."



The RCP pushes for a bold, innovative approach to the region's challenges.

Ten Years of "Report Cards" Reveal Regional Challenges and Opportunities

The State of the Region uses indicators and benchmarks to determine how Southern California fares in a few key areas and presents them in the format of a "report card" for the region. The State of the Region 2007 marked the tenth anniversary of this publication by SCAG. According to the report, Southern California made progress in numerous areas in 2006 including a record low unemployment rate, and increases in real per capita income and median household income. This was partly due to the continuing rise in international trade, the recovery of the Los Angeles County economy and stabilization of the manufacturing sector. The region also made progress in increasing the share of alternative modes for commuting and reducing violent crimes.

Each report receives prominent media coverage, and this year was no different with coverage in 25 newspapers in the region and beyond, and numerous TV and radio spots. In its report to the Congress in 2004, the U.S. Government Accountability Office (GAO) identified the State of the Region Report as one of the few regional initiatives in the nation containing a comprehensive indicators system. *The State of the Region Report* also is a winner of the 2006 PRISM Award and 2007 International Communicator Award in the areas of community awareness of regional issues.

Regional Comprehensive Plan Helps Communities Achieve a Sustainable Future

In response to many of the issues that were raised in *The State of The Region*, SCAG's Community, Economic and Human Development Committee (CEHD) released the *Regional Comprehensive Plan* (RCP) for public review in December 2007. The RCP is a major planning effort developed by the RCP Task Force and the CEHD. It represents the culmination of many discussions on the path forward for this rapidly growing region.

The RCP is intended to function as a voluntary "toolbox" to assist local jurisdictions in making General and Specific plans as well as individual projects more sustainable. The RCP also contains advisory actions that could help local governments reduce their greenhouse gas emissions and save money. Furthermore, the RCP promotes partnerships as a way to help local governments develop the tools and expertise they will need to address new greenhouse gas requirements.

The RCP Task Force has been the leading force behind the RCP, pushing for a bold innovative approach to the challenges the region faces. To that end, the RCP includes nine chapters: energy, air quality, water, open space, solid waste, transportation, economy, land use and housing, and education, each with specific goals and outcomes that can set the path toward a sustainable region. Throughout the process, the RCP Task Force has felt strongly that the RCP should look holistically at the region's challenges and find ways to promote a better quality of life while balancing natural resource conservation and a healthy economy in the region.

Since its release, SCAG has been busily working to publicize the document in numerous outlets and has begun hosting a series of workshops to solicit input from regional partners. The first workshop was held in February 2008 in San Bernardino County with assistance from SCAG's Immediate Past President Gary Ovitt. This workshop featured a presentation from the San Bernardino County Counsel's office regarding their greenhouse gas settlement with the California Attorney General. Workshop attendees engaged in a lively discussion on the air quality and economy chapters of the Draft RCP. The second workshop was held in Huntington Beach in April and featured a presentation from noted planner Michael Freedman. The CEHD and RCP Task Force plans to host additional workshops to gather input on the Draft RCP prior to requesting Regional Council action in late 2008.



SCAG Completes the Regional Housing Needs Assessment

In July, SCAG's Regional Council approved the final Regional Housing Needs Assessment (RHNA) Allocation Plan as a result of the hard work developing the Integrated Growth Forecast and allocation methodology over the past fiscal year. The final RHNA Plan was found to be consistent with state housing law by the California Department of Housing and Community Development (HCD) and subsequently approved in September. Since the approval of the final RHNA Allocation Plan, jurisdictions have been preparing for their local Housing Element updates, which are due on June 30, 2008.

INITIATIVES

Goods Movement: A Major Driver in the Region

Goods movement activities provide substantial economic benefits in Southern California and can have enormous impacts on the regional transportation system, public health, the environment and quality of life for area residents. It's no surprise that these impacts have raised serious concerns throughout much of the region. To address these concerns, SCAG continued work on several major goods movement studies and initiatives including the second phase of the Port and Modal Elasticity Study, the Inland Port Feasibility Study and the Environmental Mitigation for Goods Movement Study. These studies examined port and modal share of port and landside infrastructure, the feasibility of handling freight activities inland and the cost effectiveness of goods movement emission reduction strategies.

SCAG also participated in statewide discussions on evaluating and selecting projects to be eligible for funding under the Trade Corridors Improvement Fund (TCIF). SCAG staff completed an analysis of the proposed highway and

grade separation projects to aid county transportation commissions in their project nominations. As a result of continuous collaboration with local and regional stakeholders, the region received \$1.8 billion in TCIF funds.

SCAG also continued its participation in the development of the Multi-County Goods Movement Action Plan (MCGMAP) led by Metro. The MCGMAP identified actions, strategies and specific next steps to improve the movement of goods throughout the region while mitigating negative impacts.

Recognizing that further regional goods movement analyses are essential to the success of the region, SCAG plans to embark on a multi-year comprehensive study to assess system gaps, performance and necessary future improvements and investments for regional freight movement.

SCAG Makes Strides in Air Quality

Air quality remains a serious issue in Southern California, and SCAG continues to work closely with its regional partners including the California Air Resources Board (ARB) and the South Coast Air Quality Management District (AQMD) to help clear the region's air. SCAG plays an integral role in air quality planning by providing transportation activity and socioeconomic data to local air districts and ARB for numerous non-attainment areas in the SCAG region, including the South Coast Air Basin, the Ventura County portion of the South Central Coast Air Basin, Mojave Desert Air Basin, and the Coachella Valley and Imperial County portions of the Salton Sea Air Basin. These data are used to update on-road emissions models and to develop State Implementation Plans (SIP).

As part of its air quality planning efforts of the last year, SCAG successfully prepared the conformity determination for the 2008 RTP. Transportation conformity required under the federal Clean Air Act ensures that federally supported highway and transit project activities conform to the purpose of the



SIP. Conformity analyses are a complicated and challenging endeavor, requiring detailed data collection, computer modeling, extensive inter-agency coordination and technical analysis. Adding to the complexity of SCAG's conformity analysis is that conformity applies to 13 areas in the SCAG region, each of which requires its own conformity determination. SCAG has worked with its regional partner agencies and the state and federal agencies to resolve numerous difficult issues in preparing the conformity analysis for the 2008 RTP.

Another area where SCAG continues to make strides is in Greenhouse Gas (GHG) planning. For the first time, SCAG included a discussion of GHGs in its RTP and over 50 mitigation measures in the Program Environmental Impact Report (PEIR) for the RTP specifically aimed at reducing GHG emissions. In addition, SCAG continues to participate in several working groups on the topic of GHGs and hopes to find new ways to keep the region at the forefront of this emerging issue.

SCAG Continues Its Bi-National Effort, The Southwest Alliance

The SCAG-led Southwest Alliance is a bi-national coalition to develop strategies on transportation, infrastructure, and economic development throughout the Arizona-California-northern Mexico border region. Building on last year's meeting, the Southwest Alliance continues its efforts to enhance the planning and infrastructure development for goods movement in this global gateway region.

Mexico is the largest recipient of California's exports, and imports from Mexico have more than doubled in the past decade to more than \$20 billion. The rapid growth of goods movement in Southern California and the increase in trade opportunities since the passage of NAFTA make an integrated and bi-national economic development strategy vital to the mega-region. Such a strategy affects manufacturing, services, and development of supply infrastructure. By identifying priority

infrastructure improvements and forging economic links among Southern California, southern Arizona, and northern Mexico, the Southwest Alliance is working to create a region that is a competitive force internationally.

The Southwest Alliance is currently moving ideas from previous meetings and workshops into reality through the creation of a draft charter, which will inform the size, functions, goals, scope, and processes of the Southwest Alliance into the future.

EVENTS

Earthquake Conference Shakes Things Up

In August 2007, SCAG, along with the City of Los Angeles Department of Emergency Preparedness, jointly hosted a Regional Earthquake Awareness and Preparedness Conference to educate on the importance of planning for major a disaster in earthquake-prone areas like Southern California. The conference brought together local governments, state representatives, members of academia and the United Stated Geological Survey, while the theme "Dare to Prepare" highlighted the role played by local governments in raising awareness on important safety issues and disaster planning. Sessions focused on preparedness and response, mitigation and recovery and the need for regional collaboration. Keynote speaker, Brent Warr, Mayor of Gulfport Mississippi, discussed strategies for jurisdictions when dealing with a major natural disaster. The event also features a "shake house" where conference participants could literally feel the earth move under their feet.

Transit Summit Brings Together Key Leaders

SCAG's 1st Annual Regional Transit Summit was held at the Wilshire Grand Hotel on March 20, 2008. The goal of the Transit Summit was to discuss strategic, economic and



The Housing Summit helps local governments to deal with the impact of the mortgage lending crisis and navigate through this difficult housing market period. land use issues within the transit industry. More than 200 representatives attended, including state and local leaders, transit officials and other professionals associated with the transit field.

Key policy makers representing local jurisdictions throughout the SCAG region connected with transit officials to discuss issues such as funding for transit, public-private partnerships, land use-transit connections and performance related to customer service.

Other issues raised were:

- Developing more "outside the box" funding mechanisms (such as public-private partnerships) as a way to fund more transit projects in the face of increasing costs for heavily intensive infrastructure projects such as public transit.
- Building the case for transit by developing stronger connections with land use with mixed use and transitoriented developments.
- Looking to Intelligent Transportation Systems (ITS) to build on the current customer base to increase patronage. These mechanisms include "next bus" technology found on Metro's Rapid Bus network and integrating fare technologies within all modes.

Housing Summit Honors Excellence

May 2008 saw Compass Blueprint and SCAG host the 8th Annual Regional Housing Summit at the Mission Inn in Riverside. The event focused on the current housing market uncertainty and how to help local governments update local housing elements, deal with the impact of the mortgage lending crisis and navigate this difficult housing market period. The Housing Summit featured the 2nd Annual Compass Blueprint Awards Luncheon recognizing plans and projects that demonstrate excellence and innovation and work towards improving the mobility, prosperity, livability and sustainability of our region.

The City of Pasadena was honored with the Award for Overall Excellence for the city's Central District Specific Plan, and the City of Riverside received the Distinguished Leadership Award for its General Plan 2025 Program.

SCAG recently completed work on applying a Housing and Transportation Affordability Index in Southern California. Recognizing the increasing infeasibility of "driving to qualify," this innovative performance measure combines housing and transportation costs to provide a more complete picture of the financial implications of housing location decisions than the typical measurements of housing costs as a percentage of income. The project yielded a collection of six local case studies and lessons learned that can help local governments account for the mobility, air quality and sustainability implications of individual and collective choices about housing location.

PUBLIC PARTICIPATION

Ambitious Plans for Public Participation in Progress

Last year, the Regional Council unanimously approved the agency's Public Participation Plan which serves as a guide for SCAG's public involvement process, as well as the continuing, comprehensive and coordinated planning process among the stakeholders to ensure the ongoing opportunity for broadbased participation in the development of regional plans and programs.

With this Plan, SCAG has broadened its current participation activities to engage a more extensive group of stakeholders. SCAG reached out to all 14 subregions, 16 Tribal Governments, various environmental organizations, air districts, federal and state resource agencies and other interested parties as it developed the plan.

In October 2007, SCAG revised this plan to reflect public comments received on the Public Participation Plan. Notably,



SCAG encourages dialogue, inquiries and active participation by all segments of the regional community.









SCAG added strategies exploring new opportunities using state-of-the-art communications and information technology for reaching remote audiences. SCAG hopes to further expand its video and web capabilities in the next year.

Participation and Dialogue Always Welcome and Encouraged

SCAG encourages dialogue, inquiries and active participation by all segments of the regional community. To foster these communications, SCAG produces the award-winning newsletter, *eVision*, highlighting the progress of its activities and initiatives throughout Southern California. During the last year, a number of new and informative publications were developed, including:

- 2008 Regional Transportation Plan
- 2008 Program Environmental Impact Report for the Regional Transportation Plan
- 2008 Draft Regional Comprehensive Plan
- The State of the Region 2007

In addition to these reports, SCAG released its newly updated versions of Your Guide to SCAG, Benefits of Membership brochure, Member Handbook, Regional Pocket Guide, and

the Legislative Reference Guide as essential communications materials for both its members and the public at large.

SCAG's web site, www.scag.ca.gov, also serves as an important communications tool between the organization and the public. The web site provides detailed information about SCAG and its subregions, including up-to-date information on SCAG's major initiatives. It also provides information regarding SCAG's Regional Council and Policy Committee meetings. From the home page, you can "Get Involved" by submitting questions or requesting a presentation for your organization. You can also help directly shape the issues defining Southern California's future by participating in our online survey.

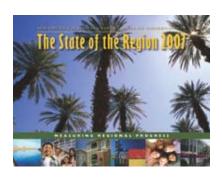
To learn more about how you can access these important, informative regional tools, contact:

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FINANCIAL SUMMARY FY 2006-2007 — ACTUAL AUDITED*

REVENUES		EXPENDITURES	
Federal Grants, net	\$ 24,368,620	Transportation	25,607,040
State Grants & Contracts	1,148,805	High Speed Rail	443,831
Local Grants & Contracts	1,678,332	Aviation	627,253
Membership Assessments:		Administration	2,244,573
Cities	1,125,866	Energy	11,471
Counties	262,269	Water	77,956
Commission	50,000	Social Services	96,435
Interest and other	205,945	Capital Outlay	247,578
Total revenues	\$28,839,837	Total expenditures	\$29,356,137
		Excess of expenditures over revenues	\$516,300

^{*} The financial statements included herein are summarized from the *Comprehensive Annual Financial Report* which contains the independent auditor's report. A copy may be obtained from SCAG by contacting Basil Panas at 213.236.1817 or panas@scag.ca.gov.







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